

Kames Capital Investment Conference

Kames Equity Market Neutral Strategy

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Kames Equity Market Neutral Strategy

Monthly returns since launch

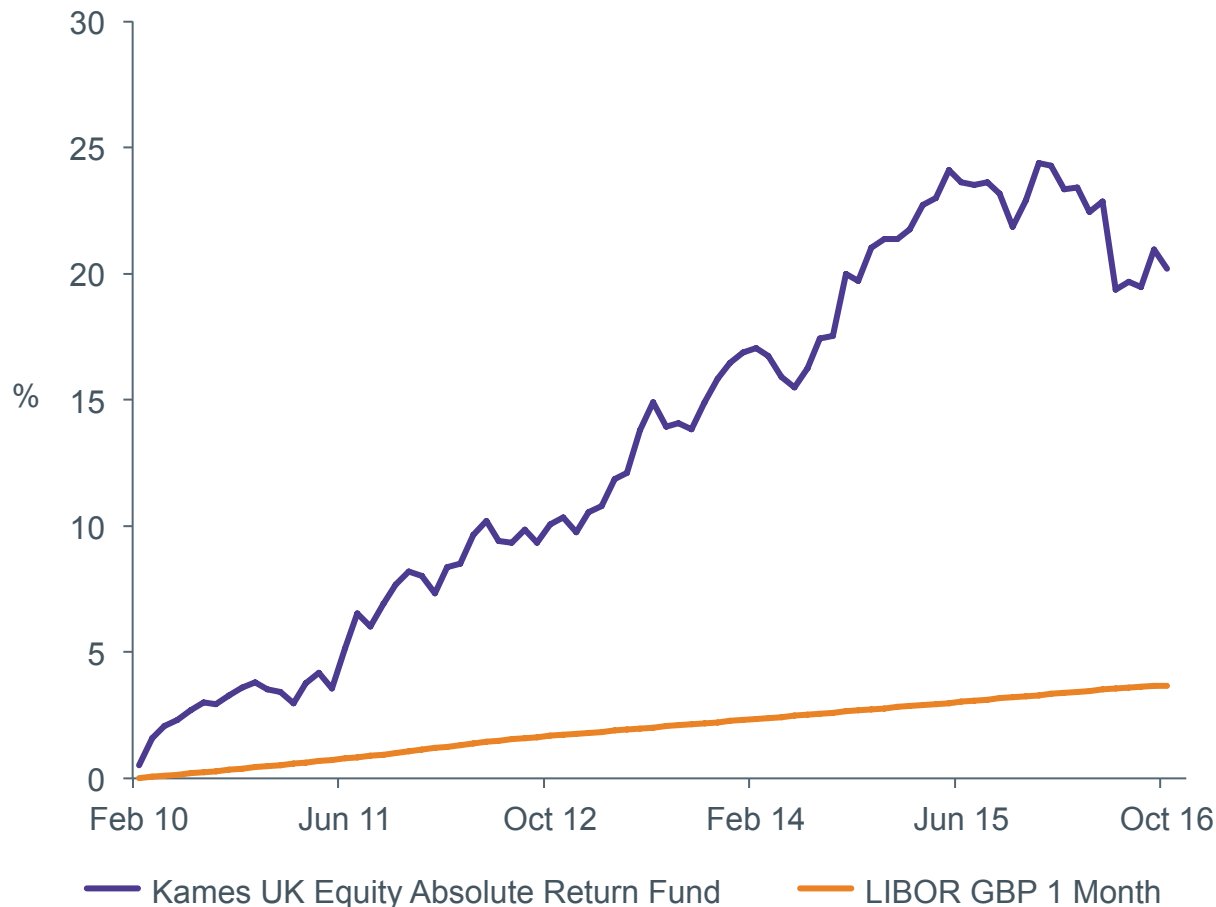
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2010		0.50*	1.09	0.46	0.26	0.36	0.32	-0.09	0.36	0.28	0.21	-0.25	3.54%
2011	-0.12	-0.44	0.76	0.41	-0.60	1.55	1.30	-0.46	0.82	0.73	0.48	-0.17	4.32%
2012	-0.62	0.96	0.12	1.05	0.52	-0.72	-0.07	0.48	-0.48	0.66	0.24	-0.53	1.59%
2013	0.73	0.25	0.94	0.22	1.52	0.96	-0.83	0.10	-0.20	0.94	0.80	0.56	6.14%
2014	0.35	0.15	-0.28	-0.71	-0.37	0.68	1.00	0.10	2.08	-0.21	1.10	0.27	4.20%
2015	0.02	0.30	0.80	0.21	0.92	-0.38	-0.10	0.09	-0.37	-1.06	0.86	1.19	2.48%
2016	-0.08	-0.76	0.07	-0.80	0.34	-2.83	0.26	-0.19	1.25	-0.63			-3.36%



Source: Lipper as at 31 October 2016. NAV to NAV, noon prices, income reinvested, net of ongoing charges, excluding entry or exit charges. Cumulative performance of B (Acc) GBP share class. Performance shown is for the Kames UK Equity Absolute Return Fund. *Fund launch: 22 February 2010. © 2016 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is not a guide to future performance.

Kames Equity Market Neutral Strategy Performance

Cumulative performance since launch

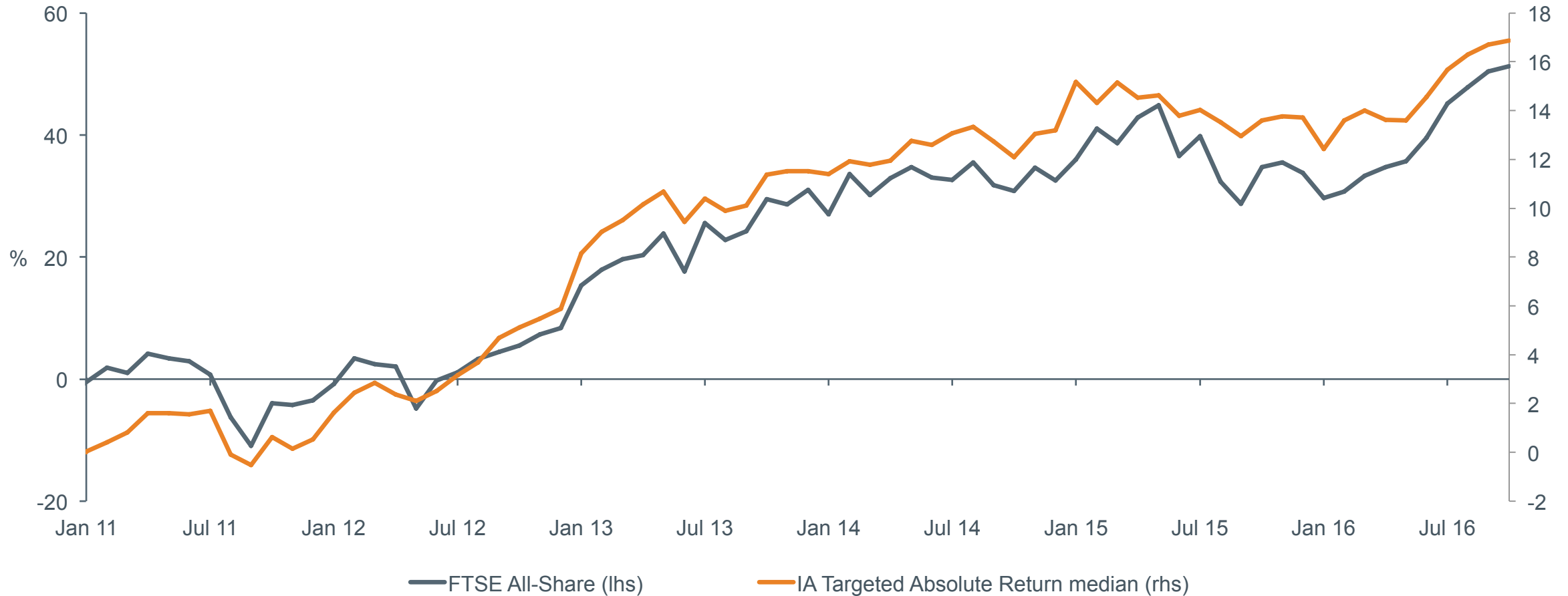


Total since launch

Total return %	20.20
LIBOR GBP 1 Month %	3.67
Difference %	16.52
Best month (Sept 2014) %	2.08
Worst month (June 2016) %	-2.83
Up months	53/81
Down months	28/81
Maximum Drawdown %	-4.59
Volatility %	2.50
Sharpe Ratio	0.90
Fund size	£580m

The need for something different

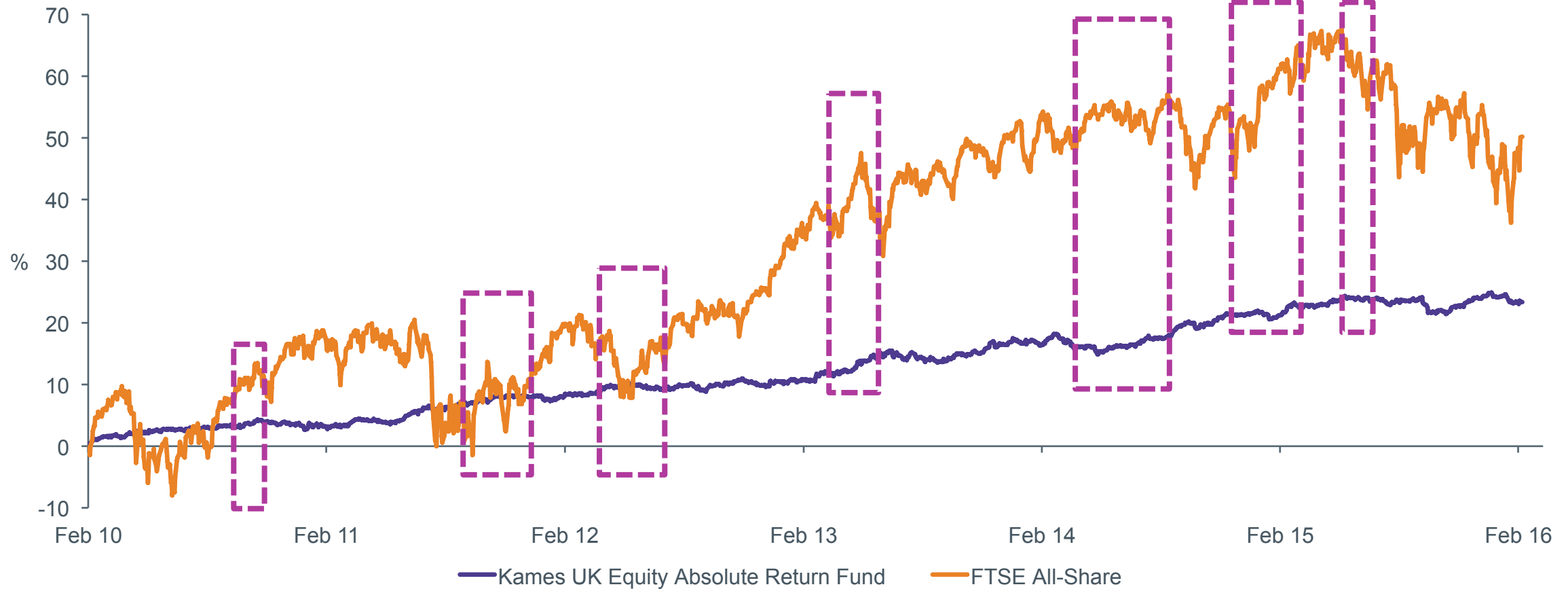
Growth (%)



Source: Lipper as at 31 October 2016. Past performance is not a guide to future performance.

Upsets and turning points

Total return (%)



Source: Lipper NAV to NAV, noon prices, income reinvested, net of ongoing charges, excluding entry or exit charges as at 29 February 2016. Performance shown is for the Kames UK Equity Absolute Return Fund B (Acc) GBP share class. Fund launch: 22 February 2010. Total return is FTSE All-Share, based on gross closing prices. The benchmark is Bank of England base rate. Past performance is not a guide to future performance.

Same input, different output

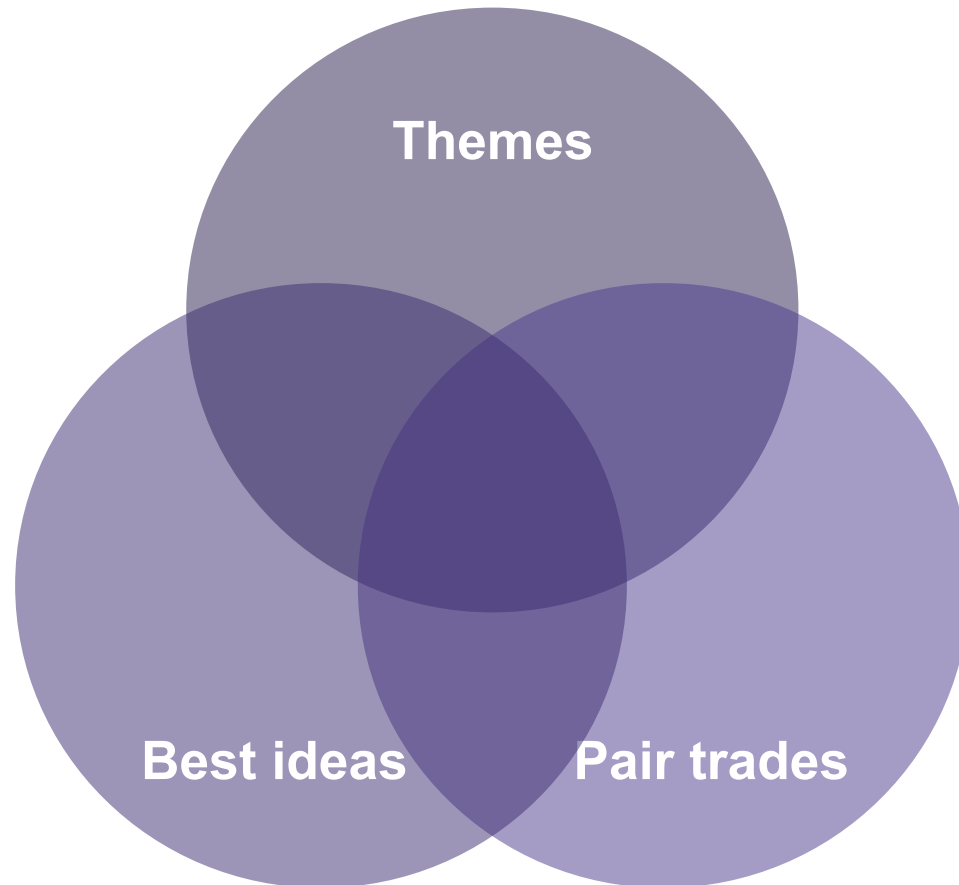
Period	Trigger	Total return %	Fund return %
15 Apr – 30 Jun 2010	Greek crisis	-14.2	+1.2
7 Jul – 4 Oct 2011	US debt ceiling	-18.2	+1.2
16 Mar – 1 Jun 2012	Whatever it takes...	-11.0	+1.2
22 May – 24 Jun 2013	Taper tantrum	-11.3	+1.0
4 Sep – 15 Dec 2014	Oil collapse	-9.2	+2.8
25 May – 24 Aug 2015	China crisis	-14.3	-0.46
2 Dec – 11 Feb 2016	High yield wobble	-13.3	+0.45

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Delivering something different

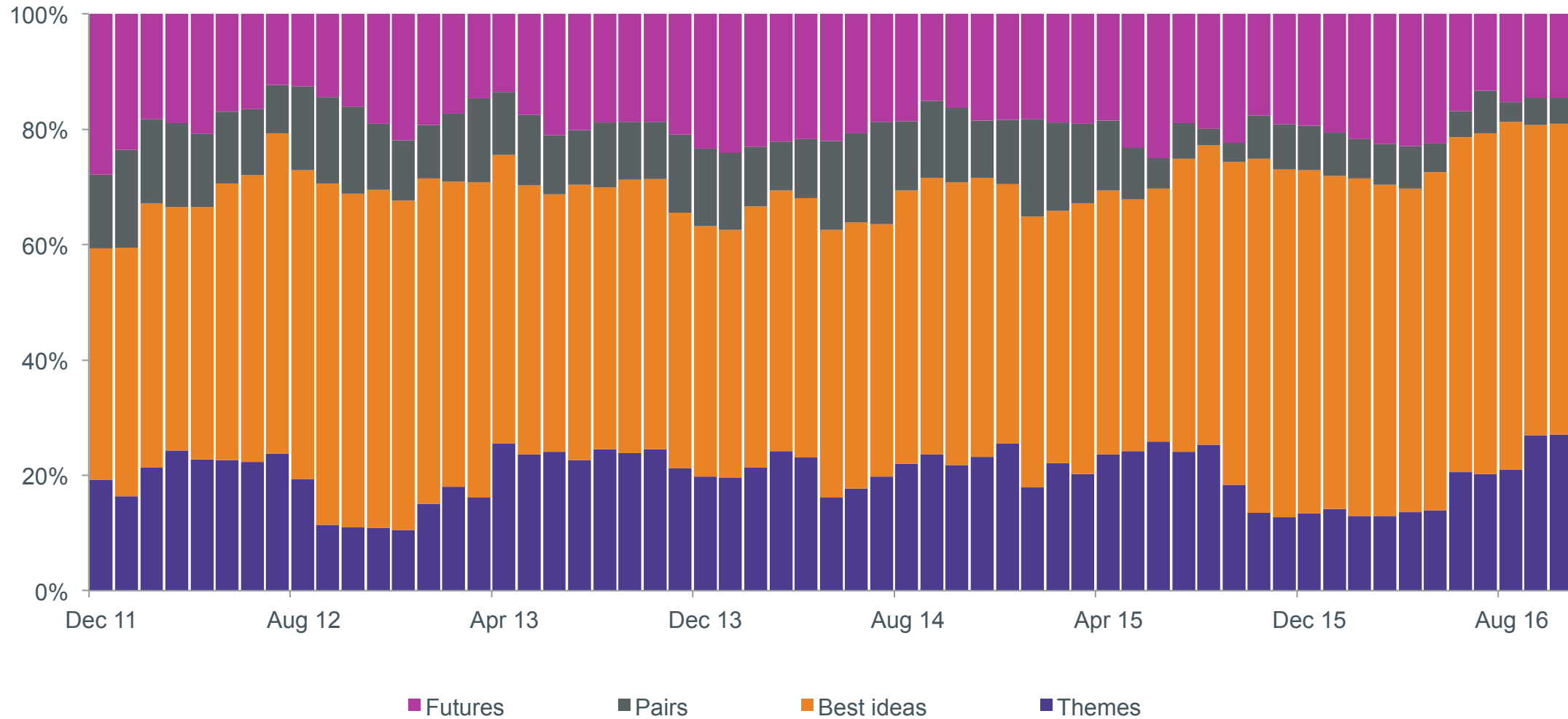
Asset	Correlation 3 year	Correlation 1 year
FTSE All-Share	-0.16	-0.10
UK Gilts	-0.15	-0.30
Gold	-0.14	-0.34
Brent Crude	-0.10	-0.08
Copper	-0.15	-0.20
MSCI Emerging Markets	-0.28	-0.22
MSCI World	-0.06	0.04
MSCI EM / MSCI World	-0.37	-0.43

- ▶ **Unique return stream**
- ▶ **Uncorrelated to other assets**
- ▶ **Increases diversification, lowers risk**



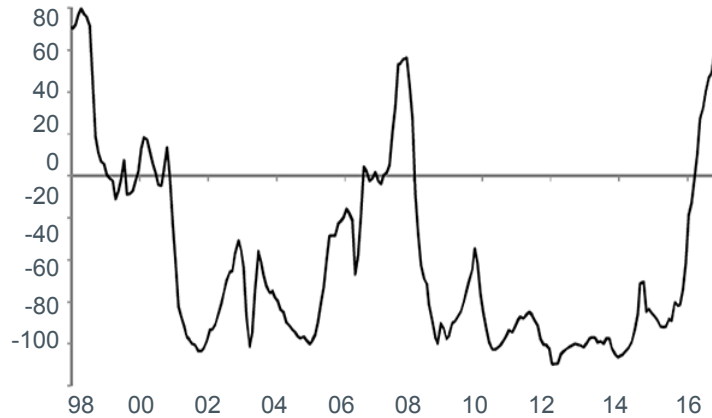
- ▶ **Three investment strategies**
 - Layers of diversification
 - No single theme or position dominates performance
- ▶ **Allocation will change to find alpha**
- ▶ **Style will adapt to changing market conditions**
- ▶ **Residual beta managed via index futures**

Investment module allocation

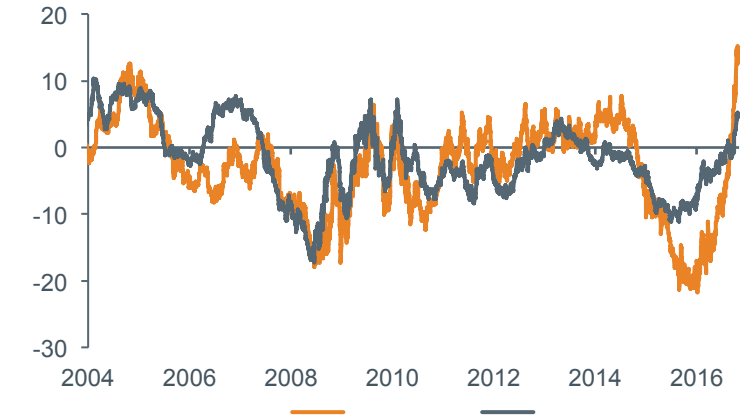


Some extreme outcomes... regime change?

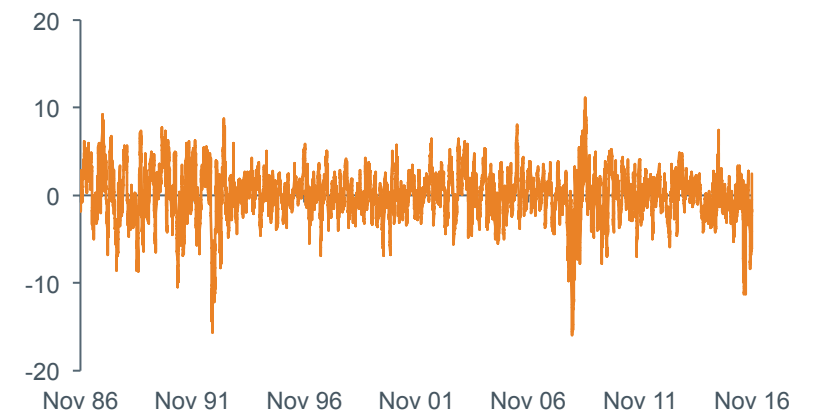
Bond – Equity correlation (%)



Value versus growth: 12 month (% change)



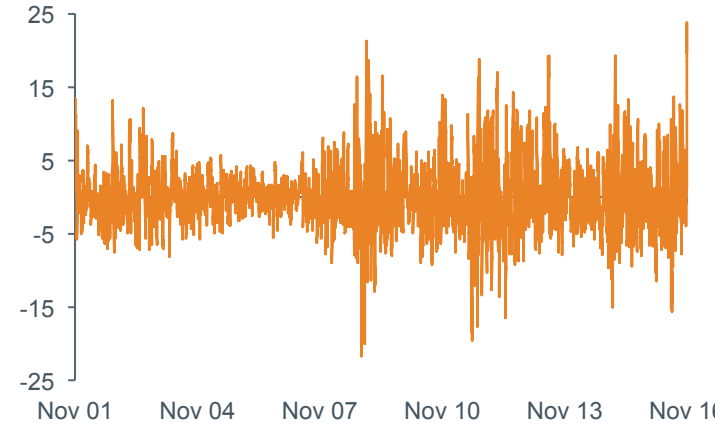
Dollar Exchange Rate, USD/GBP – (1 month % change)



Asian dollar vs basic resources



US Benchmark Bond – 10 Year Yield (1 week % change)



Coal API Price – (1 year % change)



Top row, left to right: Source: Chart 1: Datastream, 2 year rolling on YoY price changes between S&P500 and US 10Y bond. Chart 2 & 3: FactSet.
Bottom row, left to right: Source: Chart 1: Bloomberg. Chart 2 & 3: FactSet. As at November 2016.

Kames Equity Market Neutral Strategy – Portfolio manager response

Stock specific risk (%)



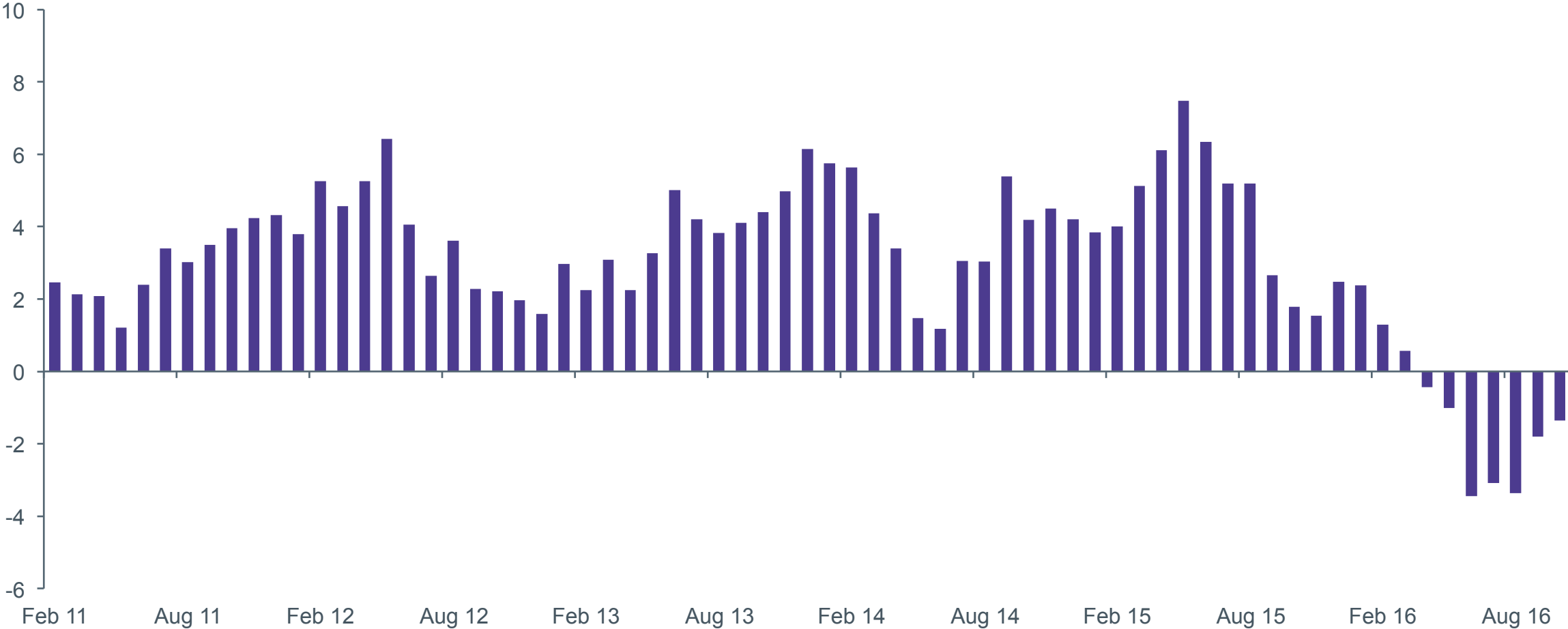
Source: APT/FactSet as at November 2016

- ▶ Live monitoring of portfolio
- ▶ Pre-trade analysis informs the appropriate position size
- ▶ Weekly performance attribution review, stock by stock
- ▶ Prefer rigorous review over stop-loss

Metric	Limit	Current
Beta	+/- 0.15	0.01
Net exposure	+/- 10%	3.16%
VaR (95%)	0-3.5%	0.97%
Gross exposure		91.49%
Volatility (ex-ante/ post) annualised		1.99%/2.77%
Correlation		0.02
Information ratio		0.85

Kames Equity Market Neutral Strategy Performance

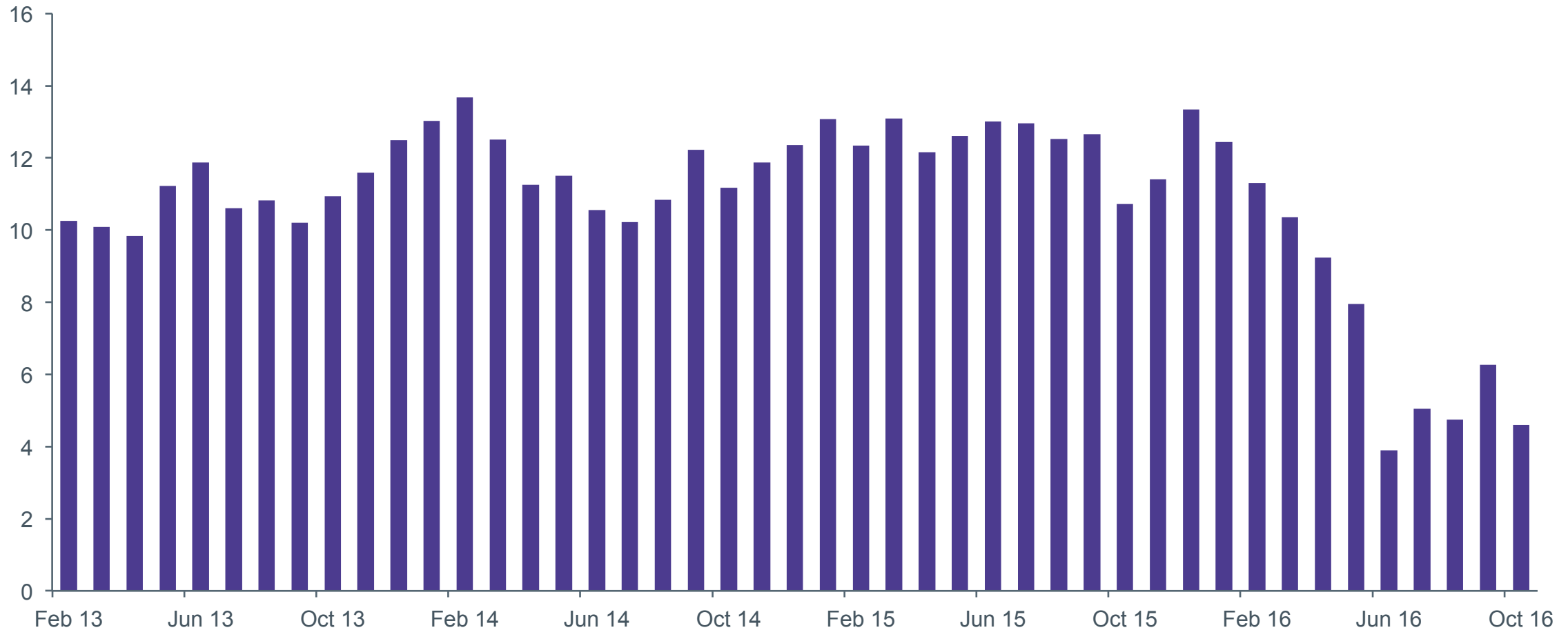
Rolling 12 month % growth



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Kames Equity Market Neutral Strategy Performance

Rolling 36 month % growth



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